



APPENDIX.

Pertinent Provisions of Statutes, Legislative History of Section 731, Revenue Act of 1932, and Departmental Regulations.

Revenue Act of 1918, c. 18, 40 Stat. 1057, 1102:

Sec. 500. That from and after April 1, 1919, there shall be levied, assessed, collected, and paid, in lieu of the taxes imposed by section 500 of the Revenue Act of 1917—

(e) A tax equivalent to 8 per centum of the amount paid for the transportation on or after such date of oil by pipe line.

Treasury Regulations 49 (revised), promulgated under the Revenue Act of 1918:

Part V.—TRANSPORTATION OF OIL BY PIPE LINE.

ART. 91. Definition of Oil.—The word "oil," as used in the foregoing subdivision, is held to mean crude petroleum and such of its products as may be transported by pipe line.

Sec. 731, H. R. 10236, 72nd Cong., 1st Sess., as introduced in the House as a committee amendment and as it passed the House of Representatives:

SEC. 731.—TAX ON TRANSPORTATION OF OIL BY PIPE LINE.

(a) There is hereby imposed upon all transportation of oil by pipe line originating on or after the fifteenth day after the date of the enactment of this Act and before July 1, 1934—

(1) A tax equivalent to 8 per centum of the amount paid on or after the fifteenth day after the date of the enactment of this Act for such transportation, to be paid by the person paying for such transportation and to be collected by the person furnishing such transportation.

Statement made by Mr. Crisp, acting chairman of House Committee on Ways and Means, who proposed this committee amendment, 75 CONG. REC., page 7226:

Mr. Crisp: Mr. Chairman, this amendment levies a tax upon the transportation of oil through pipe lines, the tax being 8 per cent of the charge for the service of transporting the oil, those receiving the service to pay the tax.

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Mr. Glover: Does this amendment affect the carrying of natural gas through pipe lines?

Mr. Crisp: No; it does not.

Mr. Glover: Does the gentleman intend to offer any amendment to that effect?

Mr. Crisp: The gentleman's colleague is the chairman of this subcommittee and his colleague, the chairman of the subcommittee, together with his associates, recommended this amendment to the full committee, and the full committee approved it. That subcommittee is still in existence and may make other recommendations. However, I can not be sure what they are going to do.

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Sec. 731, H. R. 10236, 72nd Cong., 1st Sess., as reported by Senate Committee on Finance, passed by the Senate and agreed to in Conference:

SEC. 731. TAX ON TRANSPORTATION OF OIL BY PIPE LINE.

(a) There is hereby imposed upon all transportation of crude petroleum and liquid products thereof by pipe line originating on or after the fifteenth day after the date of the enactment of this Act and before July 1, 1934—

(1) A tax equivalent to 4 per centum⁴² of the amount paid on or after the fifteenth day after the date of the enactment of this Act for such transportation, to be paid by the person furnishing such transportation.

⁴² The Senate reduced the tax from 8 per cent to 3 per cent. In conference the tax was finally fixed at 4 per cent.

Report of Senate Committee on Finance, Senate Report No. 665, 72nd Cong., 1st Sess., page 47:

PART IV. TAX ON TRANSPORTATION OF OIL BY PIPE LINE.

The rate under Section 731 on transportation of oil by pipe line has been reduced from 8 to 3 per cent. The word "oil" has been changed to "crude petroleum and liquid products thereof." This will make transportation of gasoline as well as crude oil taxable.

Amendments have been made to impose the tax on the pipe line rather than the person paying for the transportation. The provisions covered by the new Part VII have been stricken out.

Statement of the Managers on the part of the House, Revenue Bill of 1932, House Report No. 1492, 72nd Cong., 1st Sess., page 26:

Amendment No. 232: This amendment makes the tax under the House Bill on transportation by pipe line applicable to crude petroleum and its liquid products, instead of to oil only. The House recedes.

Revenue Act of 1932,⁴³ c. 209, 47 Stat. 169, 275:

PART IV.—TAX ON TRANSPORTATION OF OIL BY PIPE LINE.

SEC. 731. Tax on transportation of oil by pipe line.

(a) There is hereby imposed upon all transportation of crude petroleum and liquid products thereof by pipe line originating on or after the fifteenth day after the date of the enactment of this Act and before July 1, 1934—

(1) A tax equivalent to 4 per centum of the amount paid on or after the fifteenth day after the date of the enactment of this Act for such transportation, to be paid by the person furnishing such transportation.

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⁴³ Now known as Section 3460, Internal Revenue Code.

**American Society for Testing Materials—definition of
"crude petroleum" contained in Society's Year Books
beginning in 1928.**

Crude Petroleum.—A naturally occurring mixture, consisting predominantly of hydrocarbons, and/or of sulfur, nitrogen and/or oxygen derivatives of hydrocarbons, which is removed from the earth in liquid state or is capable of being so removed.

Note.—Crude petroleum is commonly accompanied by varying quantities of extraneous substances such as water, inorganic matter and gas. The removal of such extraneous substances alone does not change the status of the mixture as crude petroleum. If such removal appreciably affects the composition of the oil mixture, then the resulting product is no longer crude petroleum.

(See R. 170; see also *Court of Claims Finding* 19, R. 30.)

